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INFO RUCPDO/DEPT OF COMMERCE WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
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UNCLAS CAIRO 001985

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STATE FOR NEA/ELA

E.O. 12958: N/A
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SUBJECT: EGYPT'S ECONOMY: October 19 PRESS ROUND-UP

¶1. (U) The following are notable economic news stories that appeared over the past week in the Egyptian press:

Telecom Egypt is Losing Customers

¶2. (U) Amr Badawi, Chairman of the National Telecommunication Regulatory Authority (NTRA), told the press that state-owned Telecom Egypt (TE) lost 1.4 million customers over the last three months, dropping from 12 million subscribers to 10.6 million. The decrease is largely due to the tough competition that TE, the sole fixed-line operator in the country, is facing from the three wireless operators. In an effort to try to compete with the wireless operators, TE announced the reduction of the price of a phone call to areas outside Cairo to 3 piasters (roughly half a cent) per minute from eight piasters per minute, which is lower than the prices offered by the wireless operators (Al Alam Al Youm, Al Masry Al Youm, 10/13/2009).

Ministry of Investment Plans to Resume Privatization

¶3. (U) The Ministry of Investment has decided to resume its privatization initiative, known as the asset management program, in ¶2010. This marks a return to Egypt's traditional privatization program, after the GOE flirted with a plan to give each citizen over the age of 21 a tiny share of state companies, a plan that was widely criticized by political and civil society associations. The Ministry of Investment has finalized a list of 30 to 40 state-owned companies for which it will begin offering private shares, pending approval by the Council of Ministers. According to the Ministry of Investment, total privatization proceeds reached LE57.4 billion (US\$10.44 billion) by FY2008/2009, for the sale of 409 companies since 1991 (Al Masry Al Youm, 10/13/2009).

Rice Export Restrictions Modified

¶4. (U) Minister of Trade and Industry Rachid Mohamed Rachid announced the he would reverse previous plans to require rice exporters to supply a portion of their crop to a government body, a move that had been intended to ensure domestic supply. Rachid's announcement will separate the process of acquiring rice export licenses from the requirement to provide the General Authority for Supply and Commodities (GASC) with rice. Rice exports will be limited to 450,000 tons in 2009/10. In addition, export duties on rice will vary based on the difference between domestic and international rice prices. (Al Ahram, Al Alam Al Youm, 10/14/2009).

Former UNEP Director Discusses Pollution, Climate Change

15. (U) Mostafa Tolba, who was the executive director of the United Nations Environment Program (UNEP) for seventeen years, told the press that the use of polluted water for irrigating food crops, which was reported in several governorates, should be considered a criminal act. Tolba added that Egypt does not have an integrated system to deal with or treat solid waste or wastewater, noting that 90% of Egyptian villages do not have wastewater treatment facilities and therefore face extensive pollution of surface and ground water. Tolba also stressed the dangerous impacts of climate change on Egypt and called for the establishment of a national committee to address it. Tolba estimates that Mediterranean Sea levels are rising at a faster than expected rate (Al Masry Al Youm, 10/13/2009).

Egypt May Increase Investment Ventures with Iraq

16. (U) Osama Saleh, Chairman of the General Authority for Investment and Free Zones (GAFI), predicted that Egyptian-Iraqi investment cooperation would soon increase, especially in the fields of industrial development, urban development, and tourism (Al Ahram & Al Akhbar, 10/18/2009)

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